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Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.10 p.m.

AGENDA ITEM 120: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued)

1. Mr. MUÑOZ (Spain), speaking on behalf of the European Union, the Czech Republic and Lithuania, said that the report of the Committee on Contributions (A/50/11) was of special interest because, although a scale of assessments would not be established at the current session, the report addressed methodological questions of great importance with respect to future criteria for the financing mechanism of the United Nations. The report was a response to the request made by the General Assembly in resolutions 48/223 C and 49/19 A, which stated that the Committee on Contributions should take into account the report of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay. The report of the Committee on Contributions did not address all the questions examined by the Working Group since the comprehensive review of the latter's report by the Committee on Contributions would take place at the Committee's fifty-sixth session and would be submitted to the General Assembly by the end of its fiftieth session.

2. The considerations and recommendations of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay, arrived at following its review of the methodology currently employed for the scale of assessments, would undoubtedly serve as a basis for decisions that could improve the application of the principle of capacity to pay. Nevertheless, the European Union wished that the Working Group had had time to study new proposals relating to elements other than those that made up the current methodology.

3. The States members of the European Union fully supported the United Nations. In the financial sphere, that support took the form of the full, prompt and unconditional fulfilment of their financial obligations. In 1995, the European Union was contributing 34.39 per cent of the total regular budget of the Organization. In 1996 and 1997 that percentage would be increased to 35.2825 per cent and 35.41 per cent, respectively, which represented by far the largest contribution to the United Nations. For that reason, the European Union was particularly interested in any discussion in which the problem of the assessments methodology was addressed. The scale of assessments should be the result of a system based on the capacity to pay of the Member States, applied according to the criteria of fairness, objectivity and coherence. It was of the utmost importance that the relevant decisions should be taken by consensus, as had been case for the current scale.

4. The scale of assessments, despite taking into account the relative wealth of the different States, should in no case be regarded as a procedure for income redistribution among States, but rather as a system of shared responsibility in the multinational endeavour that was the United Nations. The method for determining assessments should be stable and based on reliable, transparent and comparable data which reflected reality as closely as possible, avoiding the repeated adjustments that had become the norm in the past few years and the tendency occasionally to attempt to change certain elements with the aim of

attaining or maintaining unjustified advantages for some Member States at the expense of others.

5. The European Union believed that the basic element for measuring the capacity to pay was the annual income of each State, the most appropriate expression of which would be, as stated in paragraph 49 of the report of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay, gross national product (GNP) because of its availability, simplicity and comparability. In that regard, the European Union, which supported the use of that variable for measuring capacity to pay, also pointed out that the results obtained using that measure produced hardly any quantitative difference for most countries. For the members of the European Union as a whole, the application of that variable was slightly disadvantageous.

6. With regard to the base period, the European Union had supported a short statistical base since, in its view, a short period made for a better correlation between the current capacity to pay and the assessment of each Member State. That general criterion could be qualified in order to avoid sudden changes and lack of stability in the contributions of some Member States. In that connection, the European Union supported the recommendations in paragraph 76 of the report of the Ad Hoc Intergovernmental Working Group.

7. With regard to the scheme of limits, the European Union believed that the remaining 50 per cent of that element which distorted the capacity to pay should be eliminated pursuant to the relevant General Assembly resolutions. With regard to the frequency of scale calculation, the European Union concurred in the view expressed in paragraph 77 of the Working Group's report regarding the annual updating of the scale of assessments for information purposes.

8. Concerning the exchange rates for converting local currency into United States dollars, the European Union reaffirmed its support for the Working Group's recommendation on the use of the market exchange rates and agreed with the proposal of the Committee on Contributions to study appropriate criteria for replacing those rates when their use resulted in excessive fluctuations or distortions in the contributions of some Member States. In that regard, the European Union agreed with the suggestions included in paragraph 97 of the report of the Working Group regarding the desirability of making efforts to improve purchasing power parity (PPP) data collection and of pursuing the study of PPP methodology and theory.

9. The European Union supported the recommendation included in paragraph 114 of the report of the Ad Hoc Intergovernmental Working Group, which the Committee on Contributions had endorsed in paragraph 38 of its report, regarding rounding or use of more than two decimal places in determining and quantifying the contributions of the Member States. There were other elements that were significant in the current methodology, such as the low per capita income adjustment or external debt adjustment and the ceiling and floor levels, on which no concrete proposals were made in the report of the Committee on Contributions. The Working Group had likewise not analysed the ceiling and floor levels since it noted that the decisions to establish those limits as elements of the methodology for the determination of the scale had been taken by the General Assembly on non-technical grounds.

10. Regarding the low per capita income adjustment, the European Union shared the view of the Ad Hoc Intergovernmental Working Group that that adjustment should continue to be applied. As it had stated before, the European Union felt that the gradient used for adjustment purposes should be reviewed and reduced since it was the main distorting element of the current methodology of the scale of assessments, or, alternatively, should be replaced by a new system which prevented such relief from resulting in disparities between the assessment of each Member State and its share of world income in excess of a specified level.

11. With regard to the external debt adjustment, the European Union regretted that the Ad Hoc Intergovernmental Working Group had not been able to reach a common position on how to deal with that aspect of the methodology, and it shared the views stated by some members of the Working Group and of the Committee on Contributions. If gross national product (GNP) was accepted as the measurement of each Member's capacity to pay, such an adjustment became unnecessary since GNP took into account debt-servicing payments. Furthermore, it should be pointed out, as had been done in the report of the Ad Hoc Intergovernmental Working Group, that there were defects in the current procedures for applying that adjustment since it was calculated on the basis of a pre-established debt repayment rate without taking into account the actual payments made

12. With regard to the floor rate, the Committee on Contributions had recognized in its report that the distortions entailed by the current floor rate in the capacity to pay of many Member States could be rectified in part by lowering the floor. The European Union agreed with the Committee on Contributions. Its position regarding that component of the methodology was that it should be carefully examined with a view to its reduction or elimination, bearing in mind the principle of the sovereign equality of all Member States.

13. With regard to the ceiling, although neither the Committee on Contributions nor the Ad Hoc Intergovernmental Working Group had addressed the issue, the European Union took the view that the ceiling was quantitatively the second most important distorting factor. Nevertheless, it considered it appropriate to maintain the principle that the Organization should not excessively rely on a single Member and that the ceiling should therefore be respected or maintained at its current level. The European Union wished to point out that maintenance of the ceiling implied an increase of 275 points in the contributions of its members, representing 50 per cent of the distorting effect of that element.

14. Lastly, he reiterated that the States members of the European Union were willing to collaborate in finding a solution to the financial problems, including improvements in the methodology of the scale of assessments for the regular budget so that it better reflected the capacity to pay of Member States. That debate could take place in the High-level Open-ended Working Group on the Financial Situation of the United Nations or in the Fifth Committee. The European Union believed that, in view of the Organization's cash-flow crisis, it was essential to bear in mind that any reform of the scale of assessments of the regular budget would have significant implications for the scale of assessments for peace-keeping operations. It also wished to point out that, in the current

financial situation, any decision regarding Article 19 of the Charter should include a commitment to the provision and fulfilment of a payment plan.

15. Mr. GOLOVATY (Russian Federation) shared the deep concern about the financial situation of the United Nations expressed in particular by the Secretary-General in his recent address to the Fifth Committee when he had presented his budget proposals for the biennium 1996-1997. All parties should make every effort to rectify the situation with regard to the financing of the United Nations that had arisen on the eve of the Organization's fiftieth anniversary.

16. Unfortunately, the financial strains currently afflicting the Organization were so acute as to defy comparison with previous difficult periods, which had to some extent become the norm in the life of the United Nations. It was therefore necessary to mobilize all States without delay in a joint effort to eliminate a whole series of problems underlying the financial crisis.

17. The Russian Federation considered that the root cause of the problem was the unfair mechanism of apportionment of expenses among Member States for United Nations activities, particularly for peace-keeping operations, whose aggregate budget was almost three times as much as the Organization's regular budget. The need to improve the scale of assessments for the regular budget had long been recognized. The Committee on Contributions had made specific recommendations to that end, some ideas had been developed in the High-level Open-ended Working Group on the Financial Situation of the United Nations and various options for reform had been discussed in the Fifth Committee. The time had come, it seemed, for specific action on the basis of the work accomplished and of existing recommendations.

18. The Russian Federation supported the approaches to improving the methodology of assessment of Member States' contributions set out in the report of the Committee on Contributions. The principle of capacity to pay was the cornerstone of the apportionment mechanism and was the fundamental criterion for determining the scale of assessments, as repeatedly confirmed by the General Assembly. In that connection, he drew attention to the valuable work of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay, whose report contained a number of ideas and views that could help to achieve real rather than theoretical progress in improving the scale of assessments, thereby amply contributing to the solution of the current financial problems of the United Nations.

19. The Russian Federation saw the need for certain changes. Firstly, a three-year base period should be introduced, or, rather, restored. It agreed with the view expressed by the Ad Hoc Intergovernmental Working Group in its report to the effect that the change in the base period from three to seven, ten and, finally, seven and a half years had led to certain anomalies in the scale of assessments. Given that the scale of assessment period remained three years, it seemed appropriate to use a three-year base period too. Secondly, such a change would affect the use of gross national product indicators to determine States' capacity to pay, greatly simplifying the procedure, as noted in paragraph 14 of the report of the Committee on Contributions. Thirdly, the desirability of using official market exchange rates should be considered. Lastly, there was an

urgent need to phase out the scheme of limits. As noted in the report of the Committee on Contributions, the scheme of limits was the most distorting element in the scale currently applied.

20. The Russian Federation was convinced that improvement of the assessment methodology and of the apportionment of United Nations expenses among Member States was of vital importance in addressing the issue of the Organization's financial well-being. He noted, however, that his delegation was not pursuing any time-serving goals in calling for the earliest possible harmonization of the assessment methodology. In the view of the Russian Federation, the key factor was the capacity to pay of Member States, a principle that it would strictly adhere to in its policy on the issue.

21. It understood, however, that in practice the existence and efficient functioning of the Organization depended entirely on fulfilment by Member States of their financial obligations. The Russian Federation was strictly abiding by its plans for the payment of its arrears of contributions to the United Nations. He stressed that for the past three years, including 1995, it had paid in full the annual contributions assessed with respect to the regular budget. In the last two years, the amount of its payments to the United Nations had exceeded that of its assessed contributions for that period. In other words, the arrears of the Russian Federation were showing a downward trend. Moreover, in accordance with the instructions of the President of the Russian Federation, work on the establishment of a schedule for clearance of arrears was nearing completion. It was quite possible that the specific results of that work could be reported to the General Assembly before long.

22. At a time when the Organization's cash-flow situation was extremely serious, the Russian Federation had already contributed in early October a sum of more than US$ 80 million to the regular budget and peace-keeping operations of the United Nations despite its well-known economic difficulties.

23. The Russian Federation could not help being concerned about the critical financial situation of the United Nations since it attached particular importance to the efficient functioning of the Organization, which was impossible without adequate material support from its Member States. Given that the mandate of the High-level Open-ended Working Group on the Financial Situation of the United Nations had been extended for at least a year, it would be appropriate for that body to speed up the preparation of specific recommendations. Combining them with the work already done by the Committee on Contributions would make it possible to submit specific proposals to the General Assembly shortly on reform of the system of apportionment of United Nations expenses among its Member States. In that connection, he shared the view expressed by the Secretary-General of the United Nations in paragraph 158 of the report on the work of the Organization to the effect that "the objective of the Working Group ... is to bring about constructive and positive changes to provide the Organization with a long-sought-after solid financial base". The Russian Federation, for its part, was ready for comprehensive cooperation to that end with other delegations.

24. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that, since he had last spoken in the Fifth Committee on 12 September, a number

of Member States had made payments for peace-keeping operations and the regular budget. The payments received had merely reduced the amount owed to the Organization. In the past few weeks approximately 30 Member States had made payments to the regular budget, including $25 million from Brazil and $21 million from the Russian Federation. As a result of those payments, the level of borrowing from peace-keeping operations to cover regular-budget expenditures to the end of the year would be slightly lower than previously projected. However, unless significant contributions were received for the regular budget, the amount to be borrowed from peace-keeping operations would continue to increase to around $200 million in November.

25. With regard to peace-keeping operations, arrearage payments in excess of the 12 September forecast had been received, including $61 million from the Russian Federation, $26 million from the United States and $12 million from Brazil. The United States had also remitted the remaining instalment payment of amounts legislated a year ago. The latter payment had been anticipated when the 12 September forecast had been prepared.

26. In the light of those payments, and the reduction in the need to increase loans to the regular budget at the current stage, the Secretary-General had decided to make a modest, long-overdue payment of $150 million to troop-contributing countries. The Secretary-General trusted that the reimbursement would help those Member States which were experiencing the greatest difficulties as a result of the suspension of payments in May. Even with that payment, the United Nations would still owe troop contributors some $900 million at the end of October and some $1.1 billion by the end of the year.

AGENDA ITEM 119: PATTERN OF CONFERENCES (continued) (A/50/32, A/50/288, A/50/263 and Add.1 and A/50/404)

27. Mr. BIRENBAUM (United States of America) said that, since his Government had long been concerned that conferences, meetings and the production of documents in the United Nations had become an end in itself, it took particular interest in ensuring the most efficient and cost-effective use of conference services and documentation. The present crisis, which the Secretariat had repeatedly called "a capacity crisis", might better be described as a demand crisis caused by an incessant and ever-growing demand for more and more meetings and reports at great cost and little gain to the Organization and its Member States.

28. By the end of 1995 in the current biennial calendar, approximately 7,290 meetings would have been held, an increase of 1,150 over what had been expected when the 1994-1995 calendar had been planned. During that same period, the Secretariat expected to spend $295 million on the cost of producing documents in New York and Geneva, a figure significantly higher than that of the previous biennium. That explosion of demand for conference services made it necessary for the United Nations to use its resources with maximum efficiency. Most importantly, Member States must make a real effort to re-examine their demand for such resources.

29. The United States applauded the Secretariat's efforts aimed at streamlining conference servicing, especially the use of technological advancements to

improve efficiency. However, the problem went beyond the issue of efficient utilization of resources. Underutilization might or might not mean that the body concerned was no longer relevant; that should be examined closely. With respect to the prioritization of the work of the United Nations, every effort should be made to identify bodies which had become obsolete or had outlived their usefulness. The answer lay not in more meetings and more paper, but rather in a serious effort to re-examine the need for such services. Each subsidiary body of the United Nations should be asked not only to undertake a review of its demand for conference resources, but to review its mandate to determine whether it remained relevant to the work of the Organization.

30. The pattern of consumption of reports and other documentation was an issue which had evaded review for several years. His delegation would make concrete proposals relating to responsible requests for Secretariat reports during the debate on the Secretary-General's report on the work of the Organization.

31. His delegation was encouraged by the ongoing efforts of the Economic and Social Council to rationalize its work and supported the expansion of such initiatives to the rest of the Organization, since they could have a major impact on aligning demand for conference services with the real needs of the Organization and its Member States. That would translate into better service and lower cost.

32. Concerning meeting utilization factors of United Nations bodies, his delegation fully supported recommendations for continued consultation with the chairpersons and officers of committees which were utilizing less than 80 per cent of their services and looked forward to a report on measures taken to achieve greater efficiency. Furthermore, the Office of Conference and Support Services should look into means of dovetailing meetings which concluded early with other meetings which were not expected to last three full hours.

33. The lack of an accurate cost accounting system for conference services, in particular translation services, was a continuing problem which made serious cost-benefit analysis of the use of existing United Nations resources extremely difficult. It would therefore be highly desirable for the Office of Conference Services and the Office of Programme Planning, Budget and Accounts to develop, as soon as possible, a cost accounting system which measured accurately the use of United Nations resources. In that connection, his delegation looked forward to two significant reports requested in paragraphs 46 and 50 of the Committee on Conferences (A/50/32), which could shed light on the costs of underutilization of existing resources and the comparative costs of various ways of providing translation services. In that connection, he drew the Committee's attention to the comments of the Board of Auditor's on the Office of Conference and Support Services contained in document A/49/5 relating to the extensive reliance on non-local temporary assistance staff and the procedures for contracting translation work which had not elicited wide participation by highly proficient translators. The printing process was another area where improvement was needed in the use of resources, since the levels of paper spoilage were higher than industry averages. For all that, the Committee's recommendations only skimmed the surface of an issue which needed further in-depth study.

34. Encouraging progress had been achieved in the introduction of technological advancements aimed at reducing costs; the use of such technology should be expanded. For example, the use of data links to transmit translation work to Headquarters, thus eliminating the need to send translators to the meetings, was laudable. His delegation also looked forward to updated reports on the use of the optical disk and computer-assisted translation.

35. Concerning the draft calendar of conferences and meetings of the subsidiary organs of the Economic and Social Council for 1996-1997, his delegation supported paragraph 60 of the recommendations of the Committee on Conferences and looked forward to the results of the consultations to be held during the resumed session of the Economic and Social Council regarding efforts to biennialize the sessions of the minority of subsidiary bodies which still met annually. Finally, he drew attention to the efforts made by the Committee on the Peaceful Uses of Outer Space to find innovative ways to cut costs and alleviate some of the demands on conference services. In that connection, that Committee's decision to replace verbatim records with unedited transcripts would save $7,300 per meeting record. That was a clear example of using technology to effect cost savings without compromising the quality of the Organization's work or the needs of Member States and his Government hoped that the highly qualified staff of the Office of Conference and Support Services would continue in that vein to consult with United Nations bodies on a more effective use of available resources.

The meeting rose at 3.55 p.m.